

The Address—Mr. Pearson

Mr. Pearson: —the government has now had more than a year and a half to do something about them.

Mr. Fulton: And we have.

Mr. Pearson: They will be judged by their actions—

Some hon. Members: Hear, hear.

Mr. Pearson: —in the last year and in the year ahead, and not by ours ten years ago. I am sure they would like to be judged by our policies ten years ago, but it will not work.

Mr. Parkes: That judgment has been handed down.

Mr. Pearson: Since the present government insists on continuing to condemn the policies of the previous administration we should perhaps recall what the policies were. It might help the government to follow the right policies in the future; and I offer a review of the policies of the previous administration, as Mr. Humphrey Mitchell used to say, "in a kindly way".

While we were in office, Liberal fiscal, monetary and economic policies were sound, steady—and steadiness is pretty important—flexible and successful. They made it possible for this country to combine startling economic expansion and reasonable monetary stability. They were indeed a contrast to the rock and roll actions of the present government, and as I have already said they helped to make Canada the envy of the world. The previous administration did not hesitate to budget for a deficit when there was a threat of recession. We did not hesitate to tax for a surplus when inflation was the greater danger. How hon. gentlemen opposite roared when they were in opposition, and during elections, against the inequity of a surplus and the immorality of an unbalanced budget, but what they would give now for some of that inequity and some of that immorality.

Mr. Pickersgill: And some of that surplus.

Mr. Pearson: We had then an amazing prosperity in this country with inflation held in check. Indeed, for four and one half years after 1952—and before 1952 because of rearmament in this country and the Korean war, prices did go up but I also know and the figures will show it was not nearly as bad as it is now and is going to be unless the policies of the present government change—

Mr. Fleming (Eglinton): How can you say such things?

Mr. Pearson: But I also know that for four and one half years after 1952 in a period of great and booming national development

there was practically no change in the cost of living. I also know that in the middle of 1956 the cost of living really began to go up. When we were in power at that time and took steps through credit restrictions and budgetary surpluses to meet that danger, what was the attitude of hon. gentlemen opposite who formed the opposition of that day? They sneered and jeered at us. And then during the summer of 1957, when the signs of a parallel and serious danger from recession also became clear, what was the new government's attitude toward that danger? Its approach was to get ready for the next election.

This meant in the fall session of 1957 a flat refusal to produce a budget or give a national accounting. It meant also that these people who were later to charge us with ignoring and concealing the recession and with responsibility for it, at that time refused to admit that there was anything seriously wrong. They accused us of exaggerating, for instance, the seriousness of the developing unemployment problem, a charge which now rings hollow and purely partisan. They charged us with not recognizing the recession when it did not exist, those men who later could not see it when they were in the middle of it.

It was only after January 1958, a year ago, when they could not escape the danger any longer that they did admit the recession did indeed exist. But they were far more interested then in distorting and exploiting the facts in order to pin responsibility for it on the Liberals than in doing anything effective to meet it. They alternated between blaming us for the trouble and assuring the electorate that the trouble was not there.

Finally, after the election in June of 1958, the Minister of Finance reluctantly gave an honest account of the recession and its origin. But this was after the election. But at that time he did not give nor did the Minister of Labour (Mr. Starr) or the Minister of Trade and Commerce (Mr. Churchill) give, a true picture of business and employment as it was likely to develop in the next year. Indeed, in his budget speech in June of 1958—and not until then, did we get a national accounting—the Minister of Finance had no hesitation, he said, in budgeting for a gross national product of \$32 billion or 2 per cent above the previous year and, I quote from his speech, "assuming normal crops and stable prices." And now the minister has the effrontery to claim that his forecast is being confirmed.

Mr. Fleming (Eglinton): Exactly.

Mr. Pearson: He has the effrontery to make this claim although any increase in the gross national product will be due entirely to higher